

and ninety balance sheets.¹ Only the Grand Trunk was actually absorbed in the Canadian National Railway Company,² the former Government Lines retaining their legal identity, and the corporate existence of the Grand Trunk Pacific and the Canadian Northern with all their subsidiaries being preserved for technical reasons connected with certain issues of securities. Thus the administration of the Canadian National Railways, while unified from a practical and an operating point of view, remaining encumbered with a mass of legal and accounting ramifications.

THE RAILWAY ACT OF CANADA

The Railway Act of Canada applies to all railway companies and railways within the legislative authority of the Parliament of Canada. Until recent years its provisions did not completely apply to the original Canadian Government lines. Where Dominion railways connect with or cross provincial railways the Dominion Railway Act is paramount with respect to such works as are necessary to the connection or crossing.

The Railway Act constitutes and defines also the general jurisdiction and powers of the Board of Railway Commissioners, which, since 1904, has been the regulatory authority with respect to Canadian railways. The Act deals with the financing of railways; construction and location of new lines; regulations for safety; and rates of freight and passenger traffic.

DOMINION OUTLAY FOR RAILWAY DEVELOPMENT

The participation of the Government of Canada, and the application of its resources to railway development, may, for convenient reference, and also because of its historical interest, be broken into four distinct periods of railway activity.

The first period may be taken as extending from Confederation in 1867 down to about the year 1903. To this period belong the Intercolonial and Prince Edward Island Railways and the Canadian Pacific Railway.

The second period comprises the years extending from about 1903 to 1917-1920. During this period the Canadian Northern and the Grand Trunk Pacific received very substantial backing of the government in the form of guarantee of securities. The National Transcontinental Railway was also constructed entirely at government cost.

The third period begins about 1917-1920, with the collapse of the former privately-owned Canadian Northern, Grand Trunk Pacific and Grand Trunk Systems, due largely to financial difficulties incident to the Great War and to the general interference with established trends by reason of economic reaction to the great conflict. The third period ends with the creation of the present Canadian National system late in 1922, but which may, for historic convenience be established as of January 1, 1923.

The fourth period may be taken as extending from January 1, 1923, to the present time, during which the properties now comprising the Canadian National Railway system have been operated under one management.

From Confederation (1867) to December 31, 1931, the Dominion Government has expended on all railways, or pledged its credit therefor, an aggregate sum of \$2,652,539,388. By periods this sum was apportioned as follows:—

¹The Schedule of the Canadian National Railways Act. Revised Statutes of Canada, 1927. Chap. 172, enumerate the various lines comprised in the Canadian Northern Systems alone; see also—Proceedings p. 45, Vol. 1, (Sir H. Thornton).
²P.C. Order 181 of January 30, 1923.

FIRST PERIOD (1867-1903)	
Roads now comprising Canadian National System.....	\$ 114,886,224
Canadian Pacific Railway System.....	91,705,033
All other roads.....	3,094,978
	\$ 209,685,835
SECOND PERIOD (1903-1917-20)	
Roads now comprising Canadian National System.....	\$ 508,646,798
Hudson Bay Railway.....	18,352,188
Canadian Pacific Railway System.....	12,022,915
All other roads.....	5,809,855
	\$ 544,831,756
THIRD PERIOD (1917-20-1923)	
Roads now comprising Canadian National System.....	\$1,287,888,433
Hudson Bay Railway.....	2,373,306
Canadian Pacific Railway System.....	21,078
All other roads.....	479,574
	\$1,290,762,391
FOURTH PERIOD (1923-1931)	
Roads now comprising Canadian National Railways.....	\$ 576,496,951
Hudson Bay Railway.....	28,021,189
Canadian Pacific Railway.....	728,469
All other roads.....	2,012,797
	607,259,406
Grand total, cash and credit.....	\$2,652,539,388

The aggregate sum mentioned above was divided as follows:—

Cash outlay.....	\$1,366,082,181
Liabilities for which the credit of the Dominion is fundamentally the security—	
Canadian National Railway securities guaranteed.....	\$ 970,862,290
Canadian National securities not definitely guaranteed by Government.....	305,894,917
Liabilities of Northern Alberta Railways.....	10,000,000
	1,286,487,207
Grand total.....	\$2,652,539,388

Of this grand total, the railways comprising the Canadian National lines received:—

Cash.....	\$1,201,461,199
Credit.....	1,286,487,207
Total.....	\$2,487,948,406

The cash expenditures by the Dominion Government as to railway corporations and systems from 1867 to 1931, showing what had been contributed prior to government ownership and the amount subsequently required, is indicated in the following statement:—

RAILWAYS NOW COMPRISING CANADIAN NATIONAL SYSTEM

Canadian Government Railways Group. (Direct Payments)—	
Intercolonial Railways and Additions.....	\$ 294,443,172
National Transcontinental Railway.....	169,318,185
	\$ 463,761,357
Canadian Northern Railway—	
Prior to Government ownership.....	61,650,261
Since Government ownership Sept. 30, 1917, to March 31, 1923.....	292,554,561
	354,204,822

(1) This sum represents the proportion of Dominion Government outlay which went into lines now comprising the Canadian National railways and should not be confused with the total of \$2,660,926,371 given in paragraph 85 of the Commission's report. That paragraph has reference to Canadian National system accounts, and includes interest accrued on government loans, less certain adjustments. In it the Canadian National Capital structure is under consideration; in the above historical presentation government expenditure on railway construction and contributions of cash and credit only are taken into account.